

Money & Misery

In Indonesia, Wealth Flows In, but Masses Don't Get Much of It

High Oil Prices Lift Income, But Massive Bureaucracy, Corruption Curb Benefits

Hunger, Rags & a Dead Baby

By WILLIAM D. HARTLEY
Staff Reporter of THE WALL STREET JOURNAL
JAKARTA—Far out in the Makassar Strait, pumps at a big field suck up thousands of barrels of crude oil a day which is shipped to Japan. Soaring oil prices may bring Indonesia \$3 billion this year. But in this capital city, oil has changed nothing in the life of a 24-year-old man named Sujadi.

Sujadi walks the streets picking up cigarette butts that he sells for a penny or two a pound to a tobacco company, which puts them back into new cigarettes. On a very good day, if it hasn't rained for a while and the butts are still fresh, Sujadi might earn 200 rupiahs (48 cents), just enough to feed himself and his pregnant wife a little rice, some peppers and tomatoes. He says that he can't remember the last time he had meat and that he can't buy clothes; both he and his wife are wrapped in tattered rags.

In Kalimantan, on the island of Borneo, loggers strip acres of virgin timber and sell it around the world. In West Irian, copper is dug from a mountain and earns millions for Indonesia. But in a village called Kumpa, about 70 miles from Jakarta, a tapioca farmer complains that food prices are double a year ago and that he and his family barely get along. The government gave some money to the village to finance rural development, he recalls, but "we spent it on food."

A Nation of Paradoxes

Thus are the paradoxes of the sprawling, overcrowded, potentially rich island country of Indonesia. Money pours in, yet it doesn't seem to trickle to the great masses of people. New skyscrapers dot Jalan M.H. Thamrin, Jakarta's main street, but thousands live on garbage dumps scavenging. Foreign and domestic investors set up new factories, but millions still go without work. And frustration builds as the poor see the terribly rich in their shiny Mercedes cars—bought, the masses charge, on stolen money. Corruption is so widespread, the feeling goes, that from the very top generals to the lowliest government clerk, huge amounts of money are siphoned off in innumerable ways before there is a chance for substantial development. And, anyway, there is considerable doubt that the massive and often unresponsive bureaucracy would know how to spend all that money properly in the first place.

Anger at all this was one reason behind riots the middle of last month that left 11 persons dead. The demonstrators were ostensibly protesting Japanese business practices during the visit of Japanese Prime Minister Kakuei Tanaka. But political commentators and quite a few students now believe that the riots weren't spontaneous but were organized by two competing groups of army generals out to embarrass each other. Still, the demonstrators got out of hand and exploded into two days of burning and sacking over the rioters' genuine frustrations. And perhaps because they did so, observers say, the effect was beneficial.

"The riots forced the government to accelerate action on an already-recognized problem," one businessman says. Promises were made to concentrate more on social development and job creation in the nation's second five-year development plan, which begins April 1. Guidelines leading to Indonesian majority ownership of foreign investments were announced. (At the same time, though, President Suharto failed critics, permanently closed six newspapers and magazines, and left five others in a kind of limbo.)

Keeping Promises

The president is aware he must produce on his promises, many people here say. He surely remembers the turbulent days of the mid-1960s when students who helped the military overthrow the flamboyant and mystical President Sukarno. That leader had taken the nation to the edge of economic ruin and was leading rapidly to the Communists. Students are prohibited from demonstrating now, and so far the military seems firmly on the president's side. The nation today appears more stable than could be expected, and President Suharto, who was never a target of the riots, is considered solidly in place. Students objected not to him but to men around him, and they were pleased when he removed several generals from key posts where, students charge, they were getting payoffs.

How long calm will remain, how long people will wait for improvement—those are the questions. "You must remember," one wealthy Indonesian says, "even among the armed forces, there are many more poor people than rich people. Plenty of soldiers are sympathetic to students and their cause. I am not predicting a 'sergeants' revolt,' but I question how effective you can be in pushing down dissent when many in the army agree with it."

A young firebrand at the University of Indonesia adds: "We see the mismanagement of our government. We see the misadministration of our nation. We aren't asking for a new government, but there must be a fundamental change in economic and political life. The idea of independence was for our poor people to be better off, but we see only a small number of people better off."

The Squatters of Jakarta

The gap between very rich and very poor is endemic to much of Southeast Asia, but nowhere does it seem quite as evident as in Indonesia—and particularly in this city of five million. The immensely wealthy—and there are many—live in such posh Jakarta suburbs as Menteng, but far more typical are 150 people who live just a short drive from Menteng under a bridge over the tracks where the trains thunder out to Bandung and other cities to the east. They are squatters, living in tiny woven bamboo huts about the size of an office desk. Most have trudged in from the villages of West Java, hoping for work because there is none at home. Sometimes the police break up the shacks and truck the people out of town, for Jakarta is a city officially closed to immigrants.

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What's News—

Business and Finance

NEW-CAR SALES in mid-February plunged 37% on a daily rate basis to 193,893 domestic units. That was the steepest drop for any third of a month so far this year, but analysts said the decline was exaggerated by inflated year-earlier results.

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General Motors soon may decide to build a new subcompact smaller and lighter than its Vega or Ford's Pinto. Working from the design of a car sold in Europe and Brazil, GM could get it into production in the 1976-model year, some sources say.

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Even scarcer gasoline is expected in coming months, although conservation efforts may relieve the crunch. More gasoline will be produced and inventories tapped, but demand may rise still more as the weather improves, making already discouraging forecasts of shortages too optimistic.

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Libya is considering granting Italian and French concerns new oil concessions patterned after a recent one with Occidental Petroleum. Officials ruled out the concerns' taking over nationalized properties of Texaco, California Standard or Atlantic Richfield.

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An oil-industry challenge to the Federal Trade Commission's use of industry-wide rules to help curb unfair trade practices was rebuffed by the Supreme Court. The case involves required octane-rating postings.

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Boeing's net income soared 90% in the fourth quarter to \$13.9 million.

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Penn Central's rail unit is being taxed by increased business due to the energy crisis, causing mounting safety problems. Trustees reported that derailments jumped to 650 or so last month from only about 100 last September, mostly due to track failure.

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Geon Industries said it previously "overstated" interim 1973 net and now estimates a full-year decline of 10%-15%, or below the level used in negotiating its sale to a Burmah Oil Unit.

(Story on Page 7)

Grinnell Fire Protection, formed in the settlement of International Telephone's antitrust problems, "isn't very attractive" to a buyer, its trustee told a judge. His first disclosure showed a 1973 net loss of nearly \$1.5 million.

(Story on Page 8)

U.S. Financial was charged by the Securities and Exchange Commission with fraudulently scheming to create artificial revenue and profit. The suit also named nine others, and the SEC separately disciplined Touche Ross, U.S. Financial's accountants.

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An 8 3/4% prime rate became industry-wide as another dozen or so banks followed the 1/4-point cut. First National Bank of Chicago went to 8 7/8%.

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The price of gold climbed \$6.50 an ounce to \$169.50 at the London afternoon fixing, another high. The dollar recouped some of last week's losses.

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Britain's foreign trade brought a record \$879 million merchandise deficit last month, seasonally adjusted.

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Florida East Coast Railway was permanently enjoined from violating federal securities laws, settling a Securities and Exchange Commission suit over its exchange of bonds.

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Lehman Brothers and Wertheim & Co. formed a joint unit, Lewco Securities, to handle their customer-accounting and other operations tasks. If the New York Stock Exchange approves its membership, Lewco would be the first "joint back office" firm.

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Ciba-Geigy Corp., the U.S. unit of a Swiss concern, sweetened its \$16-a-share tender offer for Funk Seeds \$1 a share, raising the possible price to \$57.8 million. Funk didn't make any recommendation but said it would mail the offer to holders.

(Story on Page 11)

Markets—

Stocks—Volume 12,900,000 shares. Dow Jones Industrials 851.38, off 4.61; transportation 191.74, up 0.78; utilities 93.37, off 0.73.

Bonds—Dow Jones 40 bonds 73.22, off 0.09.

Commodities—Dow Jones futures index 365, up 8.70; spot index 380.77, up 13.33.

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World-Wide

NIXON SAID IMPEACHMENT requires a crime, rejecting House counsel's view.

President Nixon told a press conference he doesn't share the opinion of House Judiciary Committee counsel that a President can be impeached for actions that don't violate a criminal statute. He said the Constitution is very precise in stating that a criminal violation must be alleged. In any case, Nixon said, "I do not expect to be impeached." He said his staff is still considering the nature of his cooperation with the Judiciary Committee. Asked whether he would testify before a grand jury if Leon Jaworski wanted him to, the President said he had already rejected such a request. And he said he offered to answer written questions or see Jaworski privately, but the special prosecutor wasn't interested.

Nixon said he didn't think the Democrats could hurt the GOP this fall by campaigning against him; the Republicans tried that against Truman in 1948, Nixon said, and "took a bad licking."

If the oil embargo isn't lifted, the President said, that will affect U.S. peacemaking efforts in the Mideast. Nixon had said in his State of the Union message that the Arabs would meet to consider ending the boycott; asked about that, Nixon said the meeting had been canceled but would be rescheduled. In the U.S. the energy crisis has passed, the President said, though problems remain. He promised that government action would prevent the current economic downturn from becoming a recession. On both oil and inflation he called for "responsible action by the Congress."

HERBERT KALMBACH pleaded guilty to two campaign fund-raising violations.

The Watergate prosecution permitted President Nixon's personal attorney, Herbert Kalmbach, to file two guilty pleas and have all other charges dropped in return for his cooperation with the prosecutor. Kalmbach admitted raising \$2.8 million in 1970 for a Republican campaign committee that didn't have a chairman and treasurer, a technical violation but a felony. He also pleaded guilty to the misdemeanor charge of promising a former ambassador to Trinidad and Tobago a European post in return for a \$100,000 gift. The ambassador, J. Fife Symington Jr., didn't get the appointment and was later offered his money back. Kalmbach could get a three-year prison term and be fined \$11,000, but sentencing was deferred. His law firm still works for Nixon.

Kalmbach told the Senate Watergate committee last summer he had secretly raised \$230,000 in 1972 at the request of John Dean and John Ehrlichman for the Watergate burglars then facing trial.

The Watergate committee appealed a federal district court's refusal to order President Nixon to turn over five tape recordings. The Senate panel discounted the judge's fears that criminal proceedings might be jeopardized if it got the tapes.

Kissinger flew to London for brief talks with British leaders before he goes to Damascus today to start his newest peace mission. Rifle fire was heard again on the Golan Heights front, where the Secretary of State will try to work out a disengagement. The Israeli command, meanwhile, said it returned to Egypt its last 56 prisoners of war. A military court in Gaza sentenced two Arab guerrillas to 25-year prison terms.

Kling Hussell shuffled the top command of the Jordanian army. An official announcement termed the changes modernization moves, but there was speculation they were linked to a recent uprising by some army troops.

The Supreme Court agreed to decide the constitutionality of state laws permitting lenders to repossess cars without notice or a hearing. The court also will rule next term on whether the federal government can continue to regulate liquor sales on Indian reservations. The Justices rejected Shell Oil Co.'s plea that William Douglas be disqualified from taking part in a pending national-gas case because of a speech Douglas reportedly made blaming oil firms for the energy shortage.

A death penalty was upheld by North Carolina's supreme court in a 4-3 ruling that probably means the case will be appealed to the U.S. Supreme Court. The high court has held that capital punishment, as usually applied, is arbitrary and capricious and therefore a violation of the U.S. Constitution. The man sentenced in North Carolina was convicted of rape and murder.

Randolph Hearst's food giveaway aimed at obtaining freedom for his kidnapped daughter, Patricia, was delayed for at least two days due to supply problems. The program also is being reorganized because of confusion and violence that marred the first distribution to the poor Friday. Meanwhile, two members of the Symphonies Liberation Army, which abducted Miss Hearst, pleaded innocent in the murder of Oakland school superintendent Marcus Foster last November.

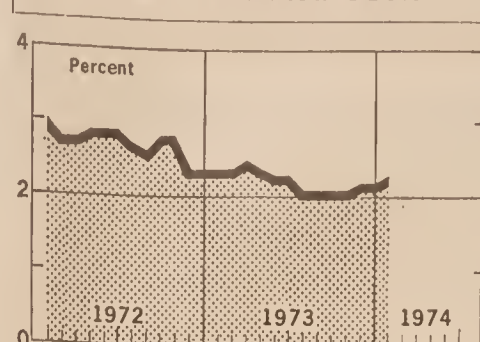
The Vietnamese prisoner exchange faced a possible new obstacle, with 1,100 POWs still to be released. The South Vietnamese and the Vietcong couldn't agree at Saigon talks on where a group of civilians held by the Communists should be released. The January 1973 Paris cease-fire agreement called for all prisoners to be freed by last April 28, but disagreements have frequently snagged the process.

William Simon denounced the Shah of Iran's claim that the Arab embargo really hasn't reduced U.S. oil imports. The Shah made the statement in a CBS television interview Sunday, explaining that tankers were changing destinations after they left Arab ports. Simon said the embargo is effective and the Shah's comments are "irresponsible."

Highway deaths declined 23% in January, the first month of the national 55-m.p.h. speed limit, from a year earlier, the National Highway Traffic Safety Administration said. Besides the lower speeds, the agency cited the reduced number of vehicles on the roads.

Died: Winthrop W. Aldrich, ambassador to Britain under Eisenhower and former chairman of Chase National Bank, which merged with Bank of Manhattan in 1955. Aldrich died at his home in New York City at 88.

Jobless Married Men



UNEMPLOYMENT among married men rose to 2.3% of the labor force in January from 2.2% the preceding month, the Labor Department reports.

'Say It With Flowers' Is a Dirty Phrase In Certain Hospitals

Some Scientists Say Bacteria Harbored in Bouquet Vases Infect High-Risk Patients

By RICHARD R. LAGER
Staff Reporter of THE WALL STREET JOURNAL
A small band of researchers is offering surprising advice: Don't send flowers to some seriously ill hospital patients.

These scientists have sparked a controversy by warning that germs on flowers and potted plants can cause dangerous infections and even may kill already debilitated patients such as those recovering from surgery. Their findings, not surprisingly, have jolted the flower industry and are causing concern in many hospitals.

The flower flap began last summer when Dr. Andrew G. Watson, a plant pathologist working in California, and Carol E. Koons, a research associate, signaled the possible danger in an article in *Lancet*, the respected British medical journal. They warned that potted chrysanthemums contain "pseudomonas," a dangerous bacteria for persons already seriously ill. "I hold it's a source of infection," says Dr. Watson, pointing out that "nurses don't think to wash their hands every time" they handle patients' flowers.

Then, this winter, Dr. David Taplin, associate professor of epidemiology and dermatology at the University of Miami (Fla.) Medical School, and Patricia M. Mertz, research associate, published an article in the *Lancet* warning of the dangers of cut flowers. They checked 25 flower vases in the surgical ward and burn unit at their hospital as well as the surgical ward at Baptist Hospital of Miami. Inside the vases were large quantities of bacteria that cause some 70% of the postoperative infections in hospitals, they reported. Further, about half the bacteria discovered were resistant to antibiotics.

Are High-Risk Patients Vulnerable?

"Any hospital nurse would be horrified if you asked her to dip her hands in the toilet bowl," says Dr. Taplin. "But by our calculations, there were fewer organisms in the toilet bowl than in the flower vase." The stalks of the flowers, he says, provide food for the bacteria. The bacteria, which are carried into hospitals on the flowers, flourish in the stagnant vase water.

Dr. Taplin stresses he doesn't believe flowers should be banned from all hospital areas—just high-risk sections such as burn, cancer or kidney transplant units, where patients are especially vulnerable to infections. "I don't think there's any danger at all to the average patient in the hospital or in the home," he says.

The Society of American Florists, a trade group representing florists with aggregate annual sales exceeding \$1 billion, was startled by the findings. Some one-fifth of the florists sell to hospitals. "All we ask is to put it in perspective," says a spokesman for the group, who stresses that flowers are "highly acceptable" in hospitals outside high-risk areas. He adds: "As living things and the handiwork of God, they provide beauty, cheerfulness and comfort. And people adore them."

The American Medical Association and the American Hospital Association in Chicago decline comment on the controversy. Spokesmen for both groups say their experts haven't had time to study the matter.

Disease Theory Disputed

The U.S. Public Health Service's Center for Disease Control in Atlanta isn't planning to do a study of its own, says George Maillison, assistant director of the bacterial diseases division. "It would be very difficult and expensive to do. I don't think there is any evidence that they (flowers) cause disease. Somebody who's washed care of a patient in a hospital should wash his hands anyway, whether he's handling flowers or anything else," he says.

Dr. Taplin, however, says there is evidence that the germs can find their way from flower vases to patients. "When we had flowers and other wet sources (such as mops) removed a year ago from the burn unit that was plagued by postoperative infections, the infections disappeared for eight months," he says. "The most persistent source (of germs) and the one with the most organisms was flower vases. This seems to be an emotional thing. People don't like to think of flowers as hazardous, and properly handled they're not."

Because pseudomonas thrives in a wet atmosphere, Dr. Watson warns: "It may also be appropriate to examine for (pseudomonas) wind-driven mist . . . striking trees, ivy or Virginia creeper, which might enter hospital windows or air vents."

No one seems to know what portion of the nation's hospitals allow flowers and house plants in high-risk areas. The University of California Medical Center in San Francisco, for example, doesn't have any policy prohibiting flowers from such areas, says Dr. Stephen N. Cohen, chairman of the infections control committee. "The benefits of removing the flowers are trivial enough that patients should be allowed to enjoy the flowers," he says. "There isn't any question that people have demonstrated flowers can become contaminated with organisms capable of causing human disease. But our skin is covered with bacteria, our mouths have it, and our colon is loaded with bacteria."

The infections control committee at Dr. Taplin's hospital recently decided to ban flowers from high-risk areas, he says. But Baptist Hospital of Miami, where part of his study was

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Labor Letter

A Special News Report on People And Their Jobs in Offices, Fields and Factories

CANCER SCARE prompts vinyl chloride makers and users to tighten procedures.

B. F. Goodrich, where the cases of liver cancer first appeared, uses impromptu meetings to spread urgent information. Diamond Shamrock Corp. spends more for automatic cleaning procedures. The 350 employees at three Dow Chemical Co. plants are urged to have free checkups. PPG Industries Inc. revises its safety manual, requires some employees to wear respirators, expands air monitoring procedures.

American Chemical Corp. holds meetings with workers, explaining, "We'd rather have them hear the facts from us than their next-door neighbors." But unions seek other steps. The Oil, Chemical & Atomic Workers Union asks the right to examine company health records, demands more company-paid physicals. Some company explanations "just pool-pool the whole thing," one union official complains.

Keyser Century Corp. finds that workers aren't too concerned. "They don't figure it's going to hurt to wait a few more weeks until we get the facts," one official says.

PATERNITY LEAVE for new fathers appears in some labor agreements.

Paid and unpaid leave gives more fathers time to be with new children. At Consumers Union, new fathers can get three days paid leave on request. Faculty members at the Walden School, a private New York City school, can take off a year without pay; the school calls the leave "an appropriate step to help families and to recognize the dual role in child raising." A United Auto Workers local negotiates a day off with pay for a new father.

Paternity leave is offered in public agencies. Berkeley, Calif., city employees may get up to a year's leave after childbirth or adoption. The U.S. Labor Department's contract with 5,000 employees gives men up to 30 days off for paternal purposes, either charged to annual leave or taken without pay. New York City public school teachers can take up to four years unpaid leave.

Sweden goes another step, converting a maternity insurance program to one that supports either working parent who quits to stay home with children.

MENTAL ILLNESSES get more coverage in some corporate health benefit plans.

Firestone Tire boosts payments for psychiatric visits to \$30 each from \$20, adds coverage for visits to clinical psychologists. Blue Cross of Northeast Ohio paid for 660 cases of out-patient treatment last year, almost five times the 1970 level, indicating expanding coverage. Such care is one of the five health benefits most commonly used by California teachers.

Savin Business Machines Corp. finds its psychiatric-care coverage results in less employee turnover and a "more stable, more adjusted workforce." A Sun Oil benefits manager says, "We try to treat mental problems as much as possible like any other problem." But many employers limit out-patient reimbursement to half the cost so people won't "lean on a psychiatrist indefinitely."

One psychological counselor credits the push for medical treatment of alcoholism with "opening the door to mental health benefits in the corporate world."

EVALUATION TESTS at Merrill Lynch prompt sex discrimination charges. One question to applicants seeking to be account executives asks which qualities in a woman are most important. An answer of "dependency" or "affectionateness" earns the job-seeker two points. "Beauty," one point. "Intelligence" or "independence" score nothing. The firm says the question will be dropped during a current revision of the test.

LUNCH AND LEISURE: Macmillan Inc., the publishing concern, enlivens the noon hour for employees by arranging concerts and lectures. Artists have included the Mitchell-Ruff jazz duo, harpsichordist Anthony Newman and the New York Philharmonic's first trumpet player. Composer Gian Carlo Menotti will lecture in April.

EMERGENCY HOT LINE speeds medical aid to St. Regis Paper Co. employees in Tacoma, Wash. All 450 phones in the complex are connected to the emergency ward at a local hospital. A special hook-up also alerts gate guards, who can direct an ambulance crew to the site of an accident or serious illness.

NEWS BLUES: Gasoline shortages may soon impair delivery of newspapers, a Washington, D.C., distributor warns. Noting that time drivers face delays due to long lines at stations and fuel shortages, the distributor asks customers to urge Congress to give newspaper deliverers "priority" allocations.

ENERGY SHORTAGES will require changes in labor relations, the NAM says. Employers, unions and government agencies should review "those labor policies that conflict with the overriding realities of the energy shortage," asserts a task force of the National Association of Manufacturers. The group recommends holding special bargaining sessions to resolve conflicts caused by energy scarcities and asking labor to "cooperate" in giving management more operating flexibility to conserve fuel.

Government should change labor laws that frustrate solving energy-related problems, the manufacturers group asserts. It says Congress could consider legislation that would bar strikes protesting materials allocations and could suspend overtime pay laws that thwart energy-saving work schedule adjustments.

Nonetheless, neither party should seek to "circumvent its contractual obligations by pleading the energy crisis," the NAM report adds.

THE CHECKOFF: With immediate job prospects on the Alaska pipeline dim, a Machinists union representative in Anchorage advises that anyone going to Alaska "bring their fishing rod and plenty of money for an extended vacation." . . . An AFL-CIO delegation to Israel reports it visited a forward army outpost and "through binoculars, observed Egyptian sentries observing us through binoculars."

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Foundering Firm

Critics Say Heavy Hand At Helm Led to Collapse Of DuPont Walston

Perot's Discipline Alienated The Concern's Salesmen; The Dissenters Got Fired

A Vain Hunt for 'Elephants'

By RICHARD E. RUSTIN
Staff Reporter of THE WALL STREET JOURNAL

"The first day we got there we were all told to get short haircuts. Two blacks with Afros quit immediately. We were told to wear dark suits and bow ties. No mustaches. We took a course in how to sleep. How are you supposed to go to sleep? First you shake one arm, then the other arm, then both arms. Then you shake one leg, then the other leg, then both legs."

That, according to a training-course dropout, was part of H. Ross Perot's formula for turning around the troubled securities firms of duPont Glore Forgan and duPont Walston, the latter created by duPont Glore Forgan's merger with Walston & Co. in July last year. Up to a point, it worked. Short hair and dark suits became commonplace around duPont Walston, and some of the employees who stayed on may have got to sleep faster at night. The firm wound up dissolving. Though it might have flopped anyway, a good many people blame the debacle partly on a demoralizing regimentation of employees.

If so, the story may offer an instructive, if negative, lesson in personnel policy. For the defection of its most productive and experienced staffers stands out as a key factor in duPont Walston's momentous decision last month to go out of business. In making clear his distrust of old-time employees, and in trying to force the staff into a paramilitary mold, his critics say, Mr. Perot succeeded only in destroying one of the firm's major strengths: its crackerjack sales organization. An exodus of salesmen and experienced office workers cut deeply into the firm's revenues. At the end, says Walter E. Auch, president and chief executive officer, "we suffered from a fundamental business problem. We didn't have enough income."

Dissenters Were Purged

One morning last May, the manager, 10 salesmen and three operations workers walked out of the firm's Decatur, Ill., branch to join a competitor, A. G. Edwards & Sons Inc. Only the receptionist stayed on. "There was an air of regimentation," one of the quitters says. "There was a more programmed approach toward selling. But what got us was the way things were presented. Rather than creating a desire to do it, management told us, 'You must do it.'"

"They thought they could make us hard-ware salesmen—today we'll sell this, and tomorrow we'll sell that," says Jim Lundquist, a salesman rushed over from duPont's Springfield, Ill., branch to help fill the breach at Decatur. "When you're told to meet certain printed criteria," he says, "and that if you don't you're a bad person and your job is in jeopardy, you start doing your job out of fear. Salesmen can't work that way."

Dissent wasn't tolerated. When Mr. Lundquist expressed his opinion to management, he was fired. Eight of the nine Walston & Co. directors who originally opposed Mr. Perot's takeover were fired; all had been employees of the firm as well as directors. Walston employs in research and certain sales and operations areas were nearly all fired. To replace many of them, Mr. Perot, a Naval Academy graduate, data-processing multimillionaire and ardent Nixon supporter, hired former military men who were more amenable to crew-cut discipline. They didn't bring in the revenues the firm needed.

All this is a far cry from the expectations on Wall Street and elsewhere when Mr. Perot first bailed out the duPont family's faltering F. I. duPont, Glore Forgan in 1971 by injecting huge amounts of cash and his no-nonsense management philosophy. The firm, a partnership, later was incorporated as duPont Glore Forgan.

Little Guys and Elephants

John Brooks, in his best-selling book, "The Go-Go Years," reveled in the irony of the earnest, clean-cut, nouveau-riche entrepreneur from Texas replacing the aloof and aristocratic duPonts, and perhaps rescuing what Mr. Brooks pictured as the stodgy and ethically insensitive securities industry as a whole, from a financial fiasco of massive proportions. Had duPont Glore Forgan gone under then, or so it was feared, Wall Street might have collapsed.

Mr. Perot took over the firm and last July merged its sales force with Walston's. Now duPont Walston is closing down by selling its 138 branch offices and other assets. The future of duPont Glore Forgan, which after the merger became a supplier of customer-accounting and other services to duPont Walston, is uncertain. duPont Walston was its sole customer. There are reports, however, that duPont Glore Forgan will try to solicit customer-accounting business of other firms.

Mr. Perot's ballyhooed campaign that duPont Walston would become champion of "the little guy" strengthened the impression that Wall Street was seeing something exciting. But the firm committed itself to strategic errors from the beginning. It began to cultivate the business of individual investors at a time when financial institutions like mutual funds, pension funds, insurance companies and bank trust departments were dominating the stock market and creating the most profitable commission business for brokers.

Nor were the individual investors the firm sought really "the little guys." Instead, says a former salesman, "We were told to go after the elephants, Mr. Perot's term for fat cats—big investors, company presidents, guys like that. We were told the little guy wasn't at all important. He gives you too much trouble, you can't make any money off him."

"The elephants already were established with other brokers. They weren't sitting around doing nothing. Believe me, they were pretty hard to find."

A former executive says: "What makes sense in the computer business doesn't necessarily make sense in the brokerage business. In the computer business, you make a one-time big-ticket sale. After that, all you have to do is

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DIAMONDS Private Estates Must Raise Cash

Willing To Sacrifice The Following
DIAMOND Engagement RINGS
THE RATING FOR EACH DIAMOND
IS FLAWLESS TO V.V.S.
RARE INVESTMENT VALUES

(PARTIAL LISTING)			
2.06ct. Round	\$ 2,750	3.27ct. Marq.	\$ 7,800
2.50ct. Round	\$ 4,200	1.81ct. Marq.	\$ 2,600
3.42ct. Round	\$ 4,500	2.00ct. Marq.	\$ 3,300
3.03ct. Round	\$ 6,000	2.32ct. Marq.	\$ 4,950
2.35ct. Round	\$ 3,750	3.01ct. Marq.	\$ 6,000
3.46ct. Round	\$ 10,750	2.66ct. Marq.	\$ 4,100
4.10ct. Round	\$ 10,500	4.64ct. Marq.	\$ 7,500
5.43ct. Round	\$ 12,500	5.38ct. Marq.	\$ 11,000
6.04ct. Round	\$ 8,700	8.25ct. Marq.	\$ 22,500
7.44ct. Round	\$ 14,000	1.67ct. Marq.	\$ 1,900
7.97ct. Round	\$ 18,000	5.24ct. Pear	\$ 16,500
10.49ct. Round	\$ 21,000	4.44ct. Pear	\$ 6,700
8.53ct. Round	\$ 11,250	16.43ct. Pear	\$ 31,000
16.04ct. Round	\$ 15,000	9.30ct. Pear	\$ 13,500

10.55 ct. Round		\$36,000	
6.85ct. Round	\$23,500	2.01ct. Pear	\$ 2,100
5.49ct. Round	\$ 7,500	2.56ct. Pear	\$ 3,900
2.88ct. Round	\$ 4,900	3.15ct. Pear	\$10,500
1.22ct. Oval	\$ 1,800	2.70ct. Pear	\$ 6,200
1.70ct. Oval	\$ 1,450	3.82ct. Pear	\$ 6,200
2.15ct. Oval	\$ 4,350	4.86ct. Pear	\$ 9,900
2.84ct. Oval	\$ 4,100	3.35ct. Pear	\$ 4,700

13.18 ct. Emerald Cut		\$40,000	
4.08ct. Oval	\$ 9,300	5.67ct. Pear	\$ 9,000
5.35ct. Oval	\$ 6,300	1.50ct. Em. cut	\$ 2,200
3.77ct. Round	\$ 7,800	2.97ct. Em. cut	\$ 3,900
1.43ct. Heart	\$ 1,850	3.66ct. Em. cut	\$ 5,000
2.28ct. Heart	\$ 2,400	12.92ct. Em. cut	\$ 13,250
2.56ct. Heart	\$ 3,850	5.80ct. Em. cut	\$ 13,500
2.86ct. Heart	\$ 5,100	3.15ct. Heart	\$ 6,000

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3.35ct.	\$ 3,500	6.50ct.	\$ 9,000

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4.14ct. Oval	\$ 1,600	4.78ct. Columb.	\$ 8,000
5.72ct. Square	\$ 3,225	11.11ct. Square	\$12,000
5.81ct. Oblong	\$ 2,700	9.26ct. Columb.	\$17,300

RUBIES			
1.82ct. Pear	\$ 1,800	2.51ct. Oval	\$ 4,700
2.10ct. Round	\$ 2,300	3.27ct. Cushion	\$ 7,225
2.95ct. Oval	\$ 4,075	2.98ct. Square	\$ 8,200
2.45ct. Oval	\$ 6,675	2.63ct. Oval	\$ 5,150

SAPPHIRES			
2.00ct. Kashmir	\$ 3,900	2.46ct. Round	\$ 4,800
5.15ct. Oval	\$ 2,700	44.79ct. Cab	\$ 7,000
5.07ct. Oval	\$ 4,550	38.50ct. Star	\$ 12,800

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British Trade Gap In January Grew To Record Level

Deficit Reached \$879 Million;
Candidates Try to Make
Political Hay From Data

By a WALL STREET JOURNAL Staff Reporter
LONDON — Britain's foreign trade ran deeper in the red than ever last month, sending politicians here scrambling to find silver linings for themselves.

At a seasonally adjusted equivalent of \$879 million, the visible, or merchandise deficit of imports over exports in January exceeded the \$751 million deficit of December and surpassed the previous peak deficit of \$827 million reached in October 1973.

"The cost of oil contributed significantly" to the worsened deficit, the Department of Trade and Industry said. The average landed price of crude-oil imports was \$48 a ton last month, nearly double the 1973 average of \$26. A ton is about 7.3 barrels of oil. The total cost of January oil imports also almost doubled to \$481 million.

Trade results "must also have been affected" by Britain's three-day workweek, but to an undetermined extent, the department added. Britain's exports edged up to an adjusted \$2.35 billion from \$2.34 billion in December, but imports rose strongly to \$3.22 billion from \$3.09 billion.

Some Expected Worse
From the viewpoint of the incumbent Conservative Party, the figures were faintly favorable in that they weren't quite as bad as the direct forecasts, which they had left unchanged. Reflecting the feeling of relief at the outcome, the pound showed some strength on currency markets when the news was out.

Anthony Barber, Chancellor of the Exchequer, said the deficit reinforces his belief that the country's economic situation is serious, but was due to international conditions beyond Britain's control. If the Labor Party were to win Thursday's election, he asserted, the situation would become disastrous.

The opposition Labor Party argued, however, that it could do a better job in checking the deficit. "The deficit would only become worse" if the Conservatives are reelected, declared Denis Healey, "shadow chancellor." If Labor wins, he said, it would immediately end the three-day workweek by settling the coalmine pay dispute, and give export industries priority in getting oil and other resources.

Both leading parties agreed that Britain faces massive borrowing abroad to help finance a large 1974 deficit, with Mr. Healey arguing that Labor could get better terms because it has scored trade surpluses in the past. All Britons are "deeply disturbed" by the deficit, he declared. That mightn't be as much of an exaggeration here as it would be in the U.S., as political analysts say a much smaller trade deficit caused the defeat of Labor in the 1970 election.

Jeremy Thorpe, leader of the fast-rising Liberal Party, said the trade figures show "a crisis of immense proportions, which government complacency and the calling of a quite unnecessary election have done nothing to alleviate." The statistics are "the writing on the wall" for the Conservatives, Mr. Thorpe declared.

Improvement Isn't Seen
However the election turns out, nonpartisan analysts predict that the February deficit probably will be at least as large as January's. "Nobody is looking for any immediate improvement," one said, adding that there may "even be some deterioration" as a greater proportion of oil arrives at current high prices. Domestic scarcities are prompting some companies to import more supplies, others said, and are probably impeding export sales.

"Cash flow problems don't yet appear to be serious for the majority of companies," the Treasury separately commented. Oil deliveries are still being restricted to 90% of last year's level, but it added that "the oil supply prospect has eased somewhat in recent weeks." Britain's crude-steel output in January was 15% below December and 24% below a year earlier, the Treasury said.

On Britain's labor front, two rail unions reacted favorably to an offer setting a minimum of \$57.50 a week and increases of around 7% for those earning above \$3,550 yearly. But the train-drivers union, which has been disrupting service in a separate pay "restructuring" dispute, said it would hold out for more.

Canada Trade Surplus Widens

By a WALL STREET JOURNAL Staff Reporter
OTTAWA — Canada's seasonally adjusted merchandise trade surplus in January widened to \$216 million from \$41 million in December, Statistics Canada said.

Adjusted January exports increased 9.8% from the previous month to \$2.42 billion while imports rose 1.9% to \$2.21 billion.

From a year earlier, unadjusted January exports gained 21% to \$2.27 billion and imports increased 25% to \$2.16 billion, resulting in a trade surplus of \$117 million. This was down from a surplus of \$141 million in January 1973.

Exports to the U.S. in January totaled \$1.49 billion, up 10% from December and 11% above a year earlier. Imports from the U.S. totaled \$1.52 billion, up 28% from the previous month and 26% ahead of a year earlier.

Exports of crude oil to the U.S. in January increased 64% from a year earlier to \$171.8 million (including the export tax) and petroleum and coal products were up 85% to \$39.3 million. Pulp and newsprint shipments increased while exports declined for engines and vehicle parts, mainly for use in assembling standard-size automobiles.

Imports of crude oil, meat and raw sugar from overseas countries increased.

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Kalmbach Pleads Guilty to Two Charges, Will Help Prosecutor in Watergate Case

By a WALL STREET JOURNAL Staff Reporter
WASHINGTON—President Nixon's personal lawyer, who raised and distributed at least \$220,000 to the Watergate burglars, pleaded guilty to two violations of federal campaign-financing laws.

Watergate Special Prosecutor Leon Jaworski indicated that Herbert Kalmbach was being permitted to plead guilty to the two relatively minor charges in return for help in building the government's case against major figures in the conspiracy to cover up the June 1972 break-in at the Democratic national headquarters in the Watergate complex here.

Indictments of major figures in the Watergate cover-up are expected soon, perhaps this week.

Other Charges Dropped
The 52-year-old Mr. Kalmbach will undoubtedly be a valuable witness for the government. During the Senate Watergate committee hearings last summer he testified that he had secretly raised about \$220,000 at the request of former White House aides John Dean and John Ehrlichman for distribution in late 1972 to the Watergate burglars then facing trial. The Los Angeles lawyer also conceded to the Senate panel that he had played a role in handling the dairy industry's controversial contributions to Mr. Nixon's reelection campaign.

In a letter filed in federal court here yesterday, Mr. Jaworski said Mr. Kalmbach's guilty pleas to the two lesser charges would "dispose of pending or potential charges" against the Los Angeles lawyer "relating to the so-called Watergate cover-up, contributions from milk producers, other contributions from persons seeking ambassadorial appointments" and other charges arising out of his grand jury testimony to date.

"The understandings are," Mr. Jaworski's letter continued, that "full and truthful disclosure will be made of all relevant information and documents in Mr. Kalmbach's possession, which disclosure is to commence immediately after the entering of the pleas of guilty."

Mr. Kalmbach could be sentenced to prison for up to three years and fined as much as \$11,000 for the two 1970 congressional campaign-financing violations to which he pleaded guilty. The first charge accused Mr. Kalmbach of raising \$2.8 million for a political committee that failed to comply with federal regulations because it hadn't elected any chairman or treasurer. Lawyers on Mr. Jaworski's staff said the committee had been set up by Mr. Kalmbach and three unidentified White House staff members; they said a "former" White House staffer, also unidentified, directed the day-to-day operations of the committee, which channeled money to Republican Senate and House candidates in 1970.

Ambassadorship Promised
The second charge accused the President's personal lawyer of promising an ambassadorial appointment in return for a \$100,000 contribution to the 1970 congressional campaigns and to Mr. Nixon's war chest for his 1972 reelection bid. The government said Mr. Kalmbach had promised J. Fife Symington, former ambassador to Trinidad and Tobago, that he would get a diplomatic post in some European country in return for the \$100,000 gift; Mr. Symington made the contribution, but he never got the European post.

As recently as last December, White House Press Secretary Ronald Ziegler told newsmen that Mr. Kalmbach was authorized to sign checks on President Nixon's personal account. And yesterday the White House said Mr. Kalmbach's law firm still handles some of Mr. Nixon's tax matters.

Federal Judge John Sirica, who accepted the guilty pleas from Mr. Kalmbach in court here yesterday, let the lawyer remain free pending completion of a presentencing report by a probation officer. Mr. Jaworski said he wouldn't make any recommendation about Mr. Kalmbach's sentence, but said "the extent of his cooperation" will be "brought to the attention" of the court.

Mr. Kalmbach declined any comment after the brief court proceeding.

The regulatory agency said it will announce details of its complaint tomorrow.

Jim Walter denied the accusation and added that it had been aware of the possibility of such an action. The building materials concern said it plans "to utilize all available resources for however many years required to defend vigorously against this complaint."

The company added that contrary to FTC contentions, the acquisition of Panacon served to intensify—rather than weaken or restrain—competition in the roofing business.

It said further that, operating separately, Celotex and Panacon had difficulty competing with major producers because of high costs and capital requirements for bringing operations up to environmental standards.

However, it added, the savings effected through the merger served to overcome these problems and to stimulate and promote "more intensive competition in the roofing industry."

The FTC also requests divestiture of all Panacon operations, while challenging only the roofing segment, Jim Walter said. "This seems punitive and out of context with the complaint received today," the concern said.

Panacon's other operations include making plumbing ware and heaters, range hoods and lighting fixtures and asbestos mining.

Blue Chip Stamps Sets Offer to Wesco Holders

By a WALL STREET JOURNAL Staff Reporter
LOS ANGELES—Blue Chip Stamps said it will mail to stockholders of Wesco Financial Corp. an invitation for tenders of Wesco stock at \$15 a share cash.

The tender offer is limited to a maximum of 130,966 shares, except that Blue Chip has reserved the right to purchase additional shares tendered, the company said. Expiration date is March 25, unless extended, Blue Chip said. The stock closed yesterday at \$14 on the New York Stock Exchange.

If successful, Blue Chip said its ownership of the Pasadena savings and loan holding company will increase from 44.8% to at least 50.1%. Wesco said it hadn't any comment on the tender offer.

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Harsco, Modulus End Talks

HARRISBURG, Pa.—Harsco Corp. said it and Modulus Corp. have terminated merger talks. A reason wasn't given.

The companies agreed in principle Dec. 12 to merge through an exchange of 500,000 Harsco common shares for all outstanding Modulus shares.

Modulus, based in Cleveland, makes fasteners. Harsco is a diversified metals fabrication company.

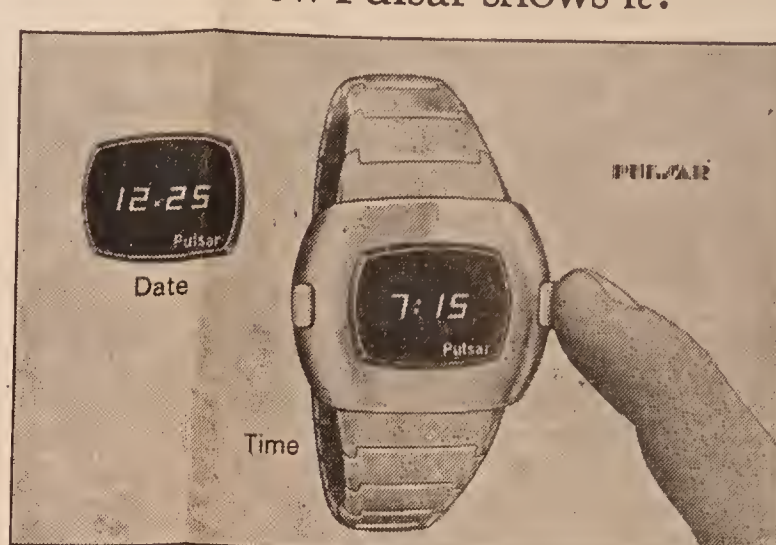
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Statement of Condition

December 31, 1973 with comparative figures at December 31, 1972

Assets	1973	1972
Cash and due from banks—demand	\$ 52,284,269	\$ 25,618,778
Due from banks—time	296,216,815	83,792,120
Investment securities	68,490	1,176
Federal funds sold	—	7,000,000
Total loans & discounts (less unearned discount)	370,744,868	237,912,208
Less participations	150,328,768	67,788,480
Net loans and discounts	220,416,100	170,123,728
Customers' Liability under acceptances	14,734,451	16,134,759
Bank premises, leasehold improvements, and furniture and fixtures	2,113,470	2,242,731
Accrued interest and other assets	12,549,003	4,827,165
	\$598,382,598	\$309,740,457

Liabilities and Stockholders' Equity	1973	1972
Demand deposits	75,360,536	35,945,163
Time deposits	453,125,253	198,615,820
Total Deposits	\$528,485,789	\$234,560,983
Federal funds purchased	2,000,000	—
Borrowed funds	2,556,870	14,571,405
Acceptances outstanding	17,937,191	20,912,236
Less held in portfolio	3,112,663	2,560,040
	14,824,528	18,352,196
Accrued expenses and other liabilities	11,171,688	3,681,925
Reserve for loan losses	1,359,433	1,117,664

Stockholders' equity:	1973	1972
Capital stock, par value \$750 per share. Authorized 40,000 shares; issued 36,000 shares	27,000,000	27,000,000
Paid-in surplus	9,525,540	9,525,540
Undivided profits	1,458,750	930,744
Total stockholders' equity	\$37,984,290	\$37,456,284
	\$598,382,598	\$309,740,457

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TENDER OF SHARES OF Far West Financial Corporation in Acceptance of Offer of First City Financial Corporation Ltd.

LETTER OF TENDER

This form should be completed, signed and sent to the Depositary named below, together with your Certificates for Capital Stock of Far West Financial Corporation. The offer terminates at 5:00 P.M., New York City time, on March 11, 1974, unless extended. Your broker or bank will assist you in completing this form.

DEPOSITARY:

By Mail:
Chemical Bank
Corporate Agency Division
P.O. Box 689, Cooper Station
New York, New York 10003

By Hand:
Chemical Bank
Corporate Teller's Window
Second Floor, North Building
55 Water Street
New York, New York

Dear Sirs:

The undersigned hereby acknowledges receipt of and accepts (with respect to the Shares deposited and tendered hereby) the Offer of First City Financial Corporation Ltd. ("First City"), contained in the Offer to Purchase, dated February 26, 1974 of First City to purchase shares of Capital Stock, par value \$1.00 per share (the "Offer"), of Far West Financial Corporation ("Far West") at a price of (U.S.) \$12.25 per Share, upon the terms and conditions set forth therein and upon the reverse side hereof. In accordance with the Offer, the undersigned hereby delivers to the above-named Depositary for the transfer and sale to First City the following certificates for Shares:

Certificate No.	Registered in Name of (Fill in exactly as name appears on Certificate)	Total Number of Shares Represented by Certificate	Number of Shares Tendered from Certificate*

NOTE: If additional space is required, attach a signed schedule.

* If you desire to tender fewer than all the Shares which are evidenced by any certificate which you enclose, please indicate in this column the number which you wish to tender. Otherwise, it will be assumed that all the Shares evidenced by the enclosed certificate are tendered.

Unless otherwise indicated under Special Payment Instructions, please issue the check for the purchase price of the Shares tendered and mail it to the address shown below the signature of the undersigned. Similarly, unless otherwise indicated under Special Delivery Instructions, if any of the Shares mentioned above are not purchased by First City, please return the certificates representing such Shares (and accompanying documents, as appropriate) to the undersigned at such address shown below.

SPECIAL PAYMENT INSTRUCTIONS

To be completed ONLY if proceeds are to be paid to other than the registered holder(s). Issue and mail check to:

Name
(Please Print)
Address
(Zip code)

SPECIAL DELIVERY INSTRUCTIONS

To be completed ONLY if certificates are to be returned to other than the registered holder(s). Mail certificates to:

Name
(Please Print)
Address
(Zip code)

The undersigned understands that tender is not made in acceptable form until timely receipt by the Depositary of this Letter of Tender, or a facsimile thereof, together with all accompanying evidence of authority.

Except as stated in this paragraph, tenders are irrevocable. Shares tendered pursuant to the Offer may be withdrawn until the close of business on March 6, 1974, and, unless otherwise purchased by First City, may be withdrawn after April 26, 1974. The undersigned recognizes that under certain circumstances described in the Offer, First City may not be required to purchase all or any portion of the Shares tendered hereby. In that event, the undersigned understands that certificate(s) for Shares not purchased will be returned to the undersigned, or as otherwise indicated under "Special Delivery Instructions".

The undersigned hereby warrants that the undersigned has full authority to sell, assign and transfer the above-mentioned Shares and that First City will acquire good title thereto, free and clear of all liens, charges and encumbrances and not subject to any adverse claim, when the same are purchased by it. The undersigned will, upon request, execute any additional documents necessary or desirable to complete the sale and transfer of the above-described Shares.

ASSIGNMENT

In consideration of the Offer cited above and the payment of the purchase price specified therein, the undersigned hereby sells, assigns and transfers unto First City or its order so many of the Shares of Capital Stock of Far West represented by the above-described certificates as First City is to purchase under the terms of the Offer, and hereby irrevocably constitutes the Depositary attorney with respect to such Shares, with full power of substitution, to deliver such Shares, together with all accompanying evidences of authority, to or upon the order of First City against receipt (as the undersigned's agent) of the purchase price therefor, to cause such Shares to be transferred on the books of Far West and to otherwise exercise all rights of beneficial ownership of such Shares (such power of attorney being deemed to be a power coupled with an interest).

PROXY

The undersigned hereby irrevocably appoints Samuel Belzberg, William Belzberg and Morley Koffman, or each of them, the attorneys and proxies of the undersigned, with full power of substitution, to vote in such manner as any such attorney and proxy or substitute shall in his sole discretion deem proper, all of the Shares which the undersigned is entitled to vote at any meeting (whether annual or special, and whether or not an adjourned meeting) of the shareholders of Far West and which have been purchased by First City prior to the date of such meeting. This Proxy is irrevocable and is granted in consideration of the purchase by First City of such Shares and upon such purchase shall revoke any other proxy granted by the undersigned to vote, at any time after such purchase, such Shares.

All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned, and all obligations of the undersigned hereunder, shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned.

Dated: 1974

Signature(s)
Guaranteed by
(See Instructions)

Very truly yours,

Please sign

Signature(s) of Registered Holder(s)

Must be signed by registered holder(s) exactly as name appears on certificate(s) or by person(s) authorized to become registered holder(s) by certificates and documents transmitted or to be transmitted in the case of guaranteed certificates. See Instructions 2 and 4.

Name
(Please Print)

Address

(Zip Code)

Area Code and Tel. No.

Tax Identification or Social Security No.

THE INSTRUCTIONS BELOW MUST BE FOLLOWED

INSTRUCTIONS

- The Letter of Tender or a facsimile thereof, filed in and signed, must be used in connection with a tender of Shares. The Letter of Tender and certificates for Shares to be tendered must be received by the Depositary in order to make an effective tender. The method of delivery of all documents is at the option and risk of the shareholder, but if delivery is by mail, registered and insured mail is suggested.
- Any signature appearing on the Letter of Tender must be guaranteed in the space provided thereon by a bank or trust company in the United States or by a member of any registered national securities exchange or the National Association of Securities Dealers, Inc. The certificates deposited need not be endorsed or accompanied by any instrument of assignment or transfer other than this Letter of Tender, if registered in the name of the person(s) signing this Letter of Tender. If such certificates are tendered by a person other than the registered holder thereof, such person must sign this Letter of Tender and his signature must likewise be guaranteed. Moreover, in that case, the certificates must be endorsed by the registered holder(s) thereof, either by endorsement on the certificates or by properly executed stock transfer power, with the signature guaranteed as stated above.
- Shares represented by stock certificates which are not immediately available may be tendered by or through members of any registered national securities exchange or the National Association of Securities Dealers, Inc., or by banks or trust companies in the United States. If the broker, dealer, bank or trust company executes the guarantee provided herein, Certificates tendered pursuant to the guarantee of a broker, dealer, bank or trust company must be accompanied by a properly executed Letter of Tender.
- In case of endorsements or signatures by executors, administrators, trustees, guardians, attorneys, corporations and the like, the certificates deposited must be accompanied by evidence satisfactory to the Depositary of authority of the persons to make the endorsement or to sign, together with all supporting documents necessary to validate the deposit and transfer. If certificates are deposited by joint holders or
- owners, all such persons must sign.
- No stock transfer tax stamps, or funds to cover such stamps, need accompany this instrument. First City will pay all stock transfer taxes applicable to the transfer and sale of Shares to it. However, if payment of the purchase price is to be made to an assignee of the registered holder, or if deposited stock certificates are not registered in the name of the person signing the Letter of Tender, the amount of any stock transfer taxes payable on account of the transfer to such assignee or such person will be deducted from the purchase price if evidence of the payment of such taxes is not submitted.
- First City shall have the absolute right to reject any or all tenders not in proper form or to waive any irregularities or conditions of tender, and First City's interpretation of the terms and conditions of the Offer (including these instructions) will be final. Any irregularities in connection with tenders must be cured within such time as First City shall determine unless waived. Neither First City nor the Depositary shall be under any duty to give notification of defects in such tenders or incur any liability for failure to give such notification. First City reserves full discretion to waive any defect or irregularity in any tender as provided for herein, and upon such waiver it may treat and receive any such defective or irregular tender as if no such defect or irregularity had been present. Tenders will not be deemed to have been made until all such irregularities have been cured or waived.
- No alternative, conditional or contingent tenders will be accepted and no fraction of a Share will be purchased. All tendering shareholders waive any right to receive any notice of the acceptance of their tender.
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Money & Misery: Wealth Pours In, But Few Indonesians Are Benefiting

Continued From First Page

tion, but they usually creep back. All the evils that plague the poor of Asia—sudden death, malnutrition, unemployment, lack of housing, illiteracy—are represented in this small community.

Battered pans and torn bags of clothing hang from barbed wire set around the community. The stench of rotting trash is pervasive, and flies swarm everywhere, some crawling across the open sores on the head of a baby who nurses in vain at the withered breast of an old woman. Another child, a six-month-old girl, died yesterday morning, one man tells a visitor. He doesn't know what was wrong, just that she got sick and her skin got hot and then she died. He collected the equivalent of about \$2.40 from the community, and someone came and took the small body away for burial. She had become an Indonesian statistic—One of the 12% who die before becoming one year old.

The group members are squatters because there isn't anywhere else for them to go and nothing to do, and they represent Indonesia's overriding problem: too many people. The nation grows too fast for development efforts to catch up. It is already, at about 125 million people, the fifth-largest nation in the world. Two-thirds of these are on the islands of Java and Bali, occupying but 7% of the land area of the country. At about 1,500 people a square mile, Java is the most densely populated large land area in the world, a United Nations demographer says.

Attempts have been made to resettle people in the more sparsely populated outer islands, but Javanese are too bound to their soil to go. Indeed, the most severe punishment meted out by the Dutch colonial powers here was to ban a Javanese to another island.

So visitors driving the backcountry roads of Java soon realize that people are never out of sight—working the fields, walking down country lanes, just sitting and staring at passing cars. There are efforts to push birth control to bring the nation's annual population growth down from about 2.6%, but so far fewer than 10% of Java's fertile women practice birth control—and then sporadically.

Even the lowest estimates put Indonesia's population by the end of the century at 220 million people—the high estimates are more than 250 million—but the country's food production already is incapable of feeding just the people it has today. Every year two million people are added to Java's teeming populace, and another million are born on other islands. A million or more come on the job market each year. The unemployment rate is pegged by many at 35%, although that may be low. Statistics in this nation are, highly suspect at best. "New jobs aren't sufficient even to create a dent," one articulate Indonesian says. "Coupled with the rate of increase in population, I'm afraid to look at the next five years."

But, to be fair, Indonesia has come a long way in the years of President Suharto. By 1966, President Sukarno had driven the nation to an incredible 629% annual inflation rate. By the early 1970s, Mr. Suharto had brought stable prices, although inflation crept up again to about a 30% rate last year. The government is criticized for putting too much emphasis in the past on industrial projects and not enough on social improvement, but one citizen says: "It didn't have much choice. The government had to prove after the xenophobic policies of Sukarno that it wasn't antiforeign. We had to promote foreign investment in such projects." And, he adds, it was necessary to direct development along lines where the country would earn something to pay for the coming social projects.

The foreign debt of President Sukarno, pegged at \$2.7 billion, has continued to rise, to nearly \$4.5 billion, under the current government. But regular paybacks now are being made. The balance-of-payments deficit has been turned around, and reserves are growing. Most important is that although the number of poor may be increasing, it is thought to be growing at a slower rate than before. More jobs have been created, economists say. Clearly a middle class is slowly forming in the cities. There isn't mass starvation as in, say, parts of Africa. "Indonesia won't go down the drain," a local man asserts. "As a whole, we are in a very viable condition. Of course, if we didn't have the oil revenue, then it would be rough going. We'd become another India."

The Value of Oil

Economists hope that this upward trend will be accelerated as the country earns more and more from oil. Production is running at 1.5 million barrels daily, and an oil expert figures that the total value of production this year will be \$6 billion, half of which, it is estimated, will go to Indonesia's government. The price has tripled in less than a year to \$10.80 a barrel, and more importantly, the state-run oil company, Pertamina, is renegotiating its "production-sharing" contracts. Oil companies can keep up to 40% of production to pay off capital costs and split the rest on usually a 65%-35% basis, with the government taking the bigger share. The new rules, to which one major company has already agreed, call for an 85%-15% split on revenues exceeding \$5 a barrel.

Thus, one foreign economist calculates Indonesia's foreign-exchange reserves could rise by \$1.5 billion, probably more, in the coming fiscal year. "They don't have any immediate capacity to use the financial resources at their disposal," he says flatly. Even some Indonesians agree. Says one official, Bintoro Tjokroamidjojo: "The absorbing capacity of our administration is a problem. In the first five-year plan, we couldn't spend all that was budgeted." Mr. Bintoro is deputy chairman of Bappenas, or the National Development Planning Body. The problem with all this oil money sitting around idle, others say, is that pressure will increase

on the government to spend it for social development, or it could well be wasted or end up in someone's pocket.

The bureaucracy can't be effective, the charge goes, because it is inefficient and hopelessly entangled in paper shuffling. "There wasn't any systematic attempt in the colonial period to prepare people to run anything," says one foreigner of long residence, "and the years from the end of World War II to the end of Sukarno were so disruptive and demoralizing there was any incentive to organize an efficient, functioning administrative setup." Mr. Bintoro notes that the second five-year plan will spend four times more than the first. But in some rural areas, the increase will be six-fold or tenfold. "Local administration is weaker," he says. Indeed, the entire government is Jakarta-oriented, and able people resist being moved to the provinces.

But money will be more important to spend money, most say, than in the rural areas, for agricultural production has lagged badly. Bappenas, the planning body, insists that food production rose an average of 5% a year, over the past five years, but other, independent, studies say it was more like 5% for the entire period.

Certainly Indonesia has had to import vast quantities of food and will bring in three times more rice this fiscal year than in fiscal 1969. Partially, it was such unavoidable things as a 1972 drought that caused the major importations. But observers say both government and private buying was equally important.

Meanwhile, more and more people from the villages drift to the cities in search of work. "Jakarta seems to have a strong attraction," an Indonesian editor says. "There is the idea that it is easy to make money in Jakarta." What is needed, some economists say, is to create thousands of small industries in the countryside to halt this inflow, which is severely straining the city.

To provide employment, Bappenas is thinking of heavy rural investments, such as in roads and bridges. But others in government argue that this is only a stopgap.

Whatever efforts are made in any field, however, could founder unless there is a curbing of the corruption that, critics charge, is sapping the nation's strength and arousing passions among the poor. President Suharto is moving slowly in this direction with some new rules, but many observers say his actions aren't nearly enough. An economist here, perhaps tongue in cheek, estimated recently that corruption makes up 80% of national income.

Whatever the actual figure, corruption is pervasive, as demonstrated by the standard of living of many top figures with relatively low salaries. One Indonesian who isn't a friend of the administration says generals often act as go-betweens for foreign businessmen and government in getting trade and investment deals approved. "Payoffs take many forms," he adds, "such as partnership in joint ventures, shares or straight-out cash."

Seeing the big boys do it makes it easier for the lower levels, where it often becomes more a form of theft. Foreigners say they don't like to mail packages home because postmen sometimes intercept and sell the contents. Lower-level clerks get their payoffs too, others say, such as a few hundred rupiahs to push a paper through a little faster. It is easier to give a policeman 500 rupiahs when he catches you making an illegal turn than to go to court.

Many people are involved in corruption because they are so poorly paid and costs are so high. One police corporal with 13 years on the force, for instance, says his salary is the equivalent of \$2.80 a month. Then he gets another \$12.77 in fringe benefits, plus 62 pounds of rice a month for himself and wife. His salary and that of others will triple on April 1, but few expect this increase to make much difference in the level of corruption. It has become too much of a habit.

The government tried to cut corruption among customs and tax officials two years back by sharply raising salaries, but no one sees any change. A foreign businessman says, "Some of those customs guys consider it a bad day when they don't take home 200,000 rupiahs."

IU's C. Brewer Forms Joint Indonesia Venture With Pacific Resources

By a WALL STREET JOURNAL Staff Reporter

HONOLULU—C. Brewer & Co. and Pacific Resources Inc. said they formed a joint Indonesia venture to develop a \$150 million rice growing and milling complex for Pertamina, an agency of the Indonesia government. C. Brewer is a unit of IU International Corp.

The project, expected to be on 50,000 acres about 20 miles southwest of Palembang in south Sumatra, involves land preparation, rice cultivation and development of related support facilities, including processing and warehousing plants.

Brewer Pacific Agronomic Inc., the joint venture concern, will oversee the seven-year project, and will ultimately turn its management and operation over to Indonesians. Brewer Pacific is 80% owned by C. Brewer and 20%-owned by Pacific Resources.

Caterpillar Tractor to Buy Land

PEORIA, Ill.—Caterpillar Tractor Co. said it is acquiring about 195 acres of land for an expansion of its East Peoria tractor plant. Details of the purchase weren't disclosed.

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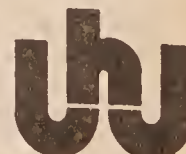
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February 26, 1974

Gold Price Hits High Again, While Dollar Recovers Somewhat

A WALL STREET JOURNAL News roundup
The price of gold climbed to still another record yesterday, while the U.S. dollar recouped some of last week's losses on international markets.

Foreign-exchange dealers said the U.S. currency had been oversold by speculators last week. They classed yesterday's recovery as a "technical" rebound.

Gold continued to forge ahead in London, the five dealers in the price-taking group pegged the metal at their afternoon meeting at \$169.50 an ounce, up \$6.50 from Friday's previous afternoon record.

It was a "very active two-way" gold market, said a dealer at Johnson, Matthey (Bankers) Ltd. in London. "There was a little profit-taking but there wasn't enough to knock the price down," he added.

In Zurich, a Swiss Bank spokesman said an increasing number of small investors were getting into the market.

West Germans have been betting their banks to buy gold coins, adding to the speculative fever that has been built up by professional traders, a London dealer said.

German concern for gold helped the dollar strengthen in Frankfurt to 2.68 marks from 2.653 Friday. Trading didn't seem especially affected by a West German central bank report that expansion of the country's money supply slowed sharply in the three months ended January, on a seasonally adjusted basis.

The British pound was buffeted in London by worries over the publication of a record January trade deficit for Britain. Sterling sank to \$2.2825 in anticipation of the figures, but it then recovered to \$2.293 when the deficit didn't live up to the worst fears. That was still a net loss of more than two cents from \$2.3143 Friday.

In Switzerland and France, where the dollar's decline had been steepest last week, the recovery was similarly sharp. Some bankers said they thought they could detect some support by the French central bank in Paris.

The dollar also gained in Tokyo against the Japanese yen.

Tax-Exempts

Plano, Texas, School Bonds

PLANO, Texas—Plano Independent School District, Collin County, Texas, plans to auction \$6.5 million of building bonds, due 1976-99, on March 19, officials said.

In December 1972 the district sold \$10 million of bonds at an annual net interest cost of 4.94%.

Sales—

Casper School District No. 1, Wyo.'s \$9.4 million of building bonds were won by a Northern Trust Co. group. Their bid set a 4.555% annual net interest cost for the double-A rated issue, which was reoffered to yield from 4% in 1975 to 4.75% in 1987.

Underwriters led by Bank of America won \$4,250,000 of Greater Anchorage Area Borough, Alaska, general-purpose bonds on a bid setting a 5.44% yearly financing cost. The issue, rated Baa-1 by Moody's and triple-B by Standard & Poor's, was reoffered to yield from 5% in 1982 to 5.6% in 1990. Bonds maturing 1975-81 weren't publicly reoffered.

Arvada, Ariz.'s \$3 million of water bonds were won by a Boettcher & Co. group on a bid setting a 5.239% annual borrowing cost. The single-A rated issue, which returned from 4% in 1975 to 5.6% in 1993, wasn't publicly reoffered.

Tax-Exempt Bonds

Here are current prices of several active tax-exempt revenue bonds issued by toll roads and other public authorities.

Agency	Coupon	Mat	Bid	Asked	Chg.
Bat Park City Auth NY	6 1/2%	'14	99 1/2	101 1/2	
Chi Calumet Skyway-f	3 3/4%	'95	46 1/2	49 1/2	- 1/2
Chelan Dist	5 1/2%	'13	91	93	
Chesapeake B & T-unf	5 1/4%	'00	25 1/2	28 1/2	
Chgo-O'Hare Int Airpt	4 3/4%	'99	86 1/2	88 1/2	
Dallas-Ft Worth Airpt	6 1/4%	'02	102	104 + 1/2	
Delaware Riv Port Auth	6 1/2%	'11	103 1/2	105 1/2	
Douglas Cnty PU Dist	4 1/2%	'18	73	75	
Florida Trnpike	4 3/4%	'01	86	88 + 1/2	
Grier New OrL Expr	4 3/4%	'06	83	85	
Illinois Toll	3 3/4%	'95	76 1/2	78 1/2	
Indiana Toll	3 1/2%	'94	74 1/2	76 1/2	
Kentucky Trnpike	6 1/4%	'08	100 1/2	102 1/2	
Maine Trnpike	4 1/2%	'89	81	83	
Maryland B & T-unf	5 2/3%	'08	96	98 + 1/2	
Massachusetts Trnpike	3 3/8%	'94	75 1/2	77 1/2	
New Jersey Trnpike Auth	5 7/8%	'13	94	96 - 1/2	
New Jersey Trnpike	7 1/2%	'09	113 1/2	115 1/2	
NY State Power Auth	5 3/4%	'10	94 1/2	96 1/2	
NY State Thruway	3 1/8%	'94	63	65	
NY Urban Development	6 1/2%	'13	93	95 + 1/2	
Ohio Trnpike	3 1/4%	'92	91	93 - 1/2	
Penn Trnpike	3 1/8%	'93	83	85	
Port of NY Auth	5 1/2%	'08	91 1/2	93 1/2 + 1/2	
Port of NY Auth	4 1/2%	'08	89	91	
Richmond-Met Auth	5 1/2%	'13	93	95	
West Virginia Trnpike-f	3 3/4%	'89	68	71	

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